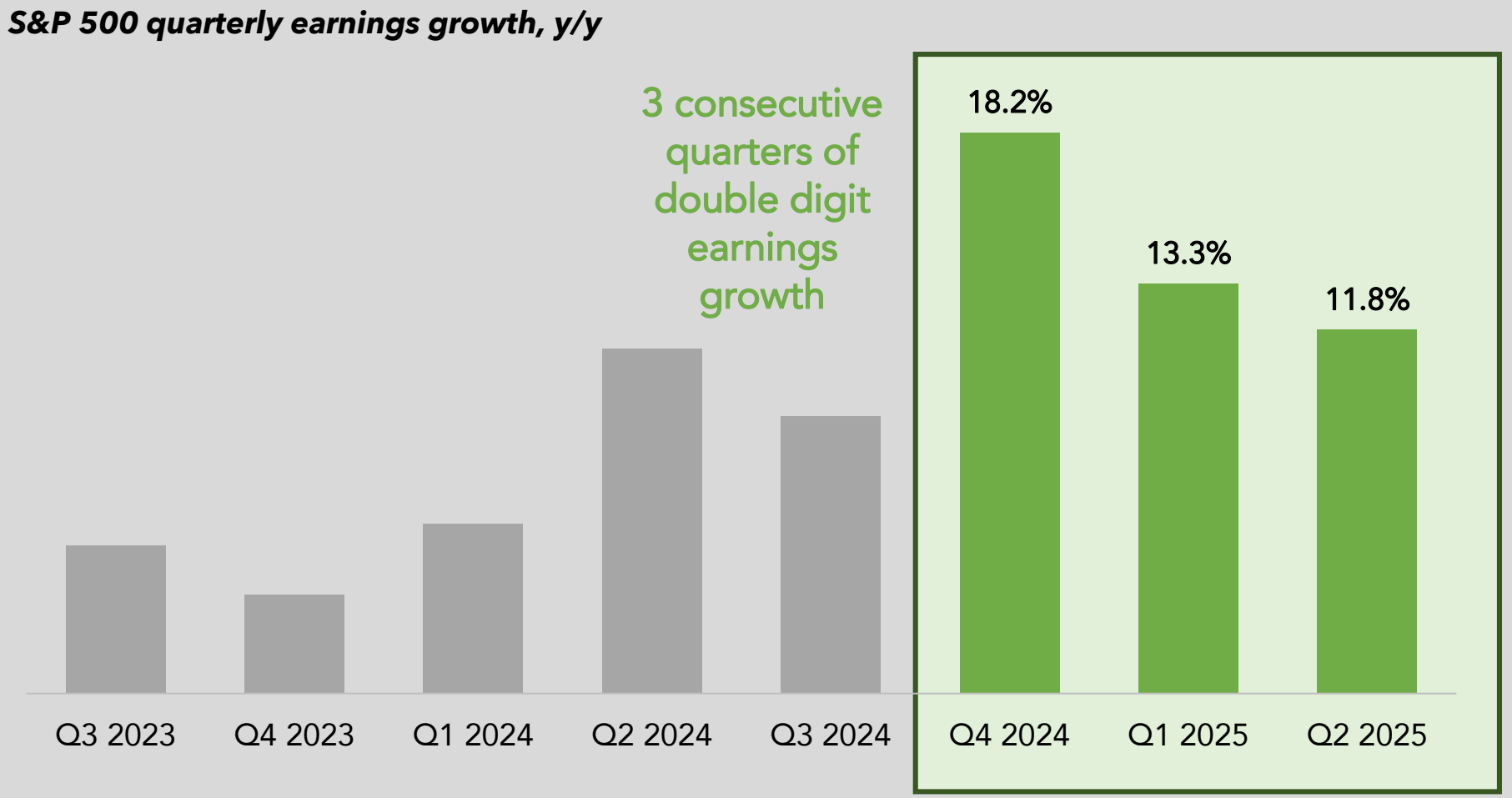


Chart of the Day



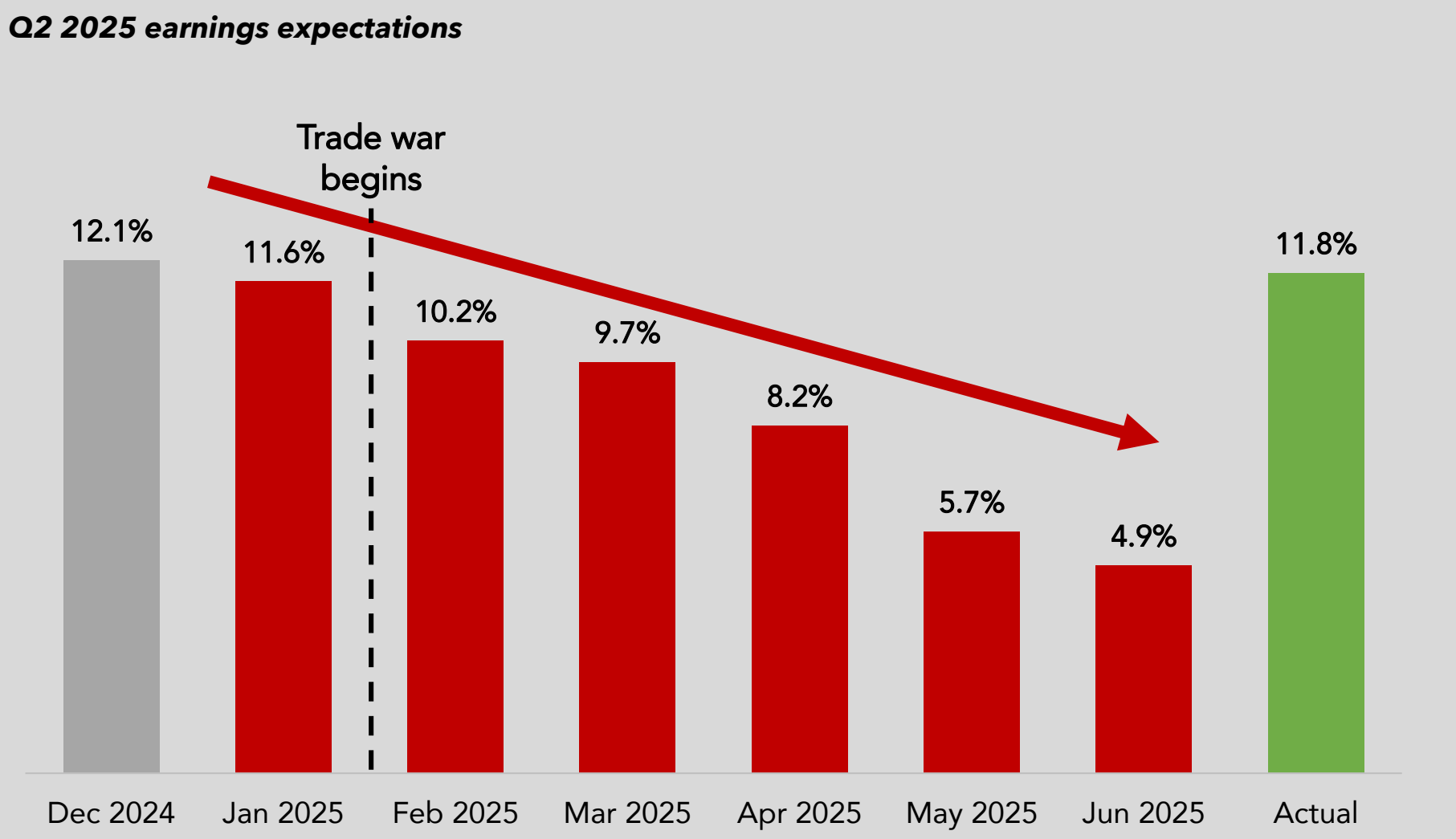
Three Consecutive Quarters Of Double Digit Growth

Impressive corporate earnings continue to defy policy uncertainty. With over 95% of S&P 500 companies reporting, Q2 2025 was the third consecutive quarter of double digit earnings growth, reinforcing one of the most underappreciated themes of 2025 - corporate resilience. Notably, 9 of 11 S&P 500 sectors reported y/y growth in earnings, while 10 of 11 sectors reported y/y growth in revenue. Communication services, IT, financials and consumer discretionary companies led the outperformance in both categories.



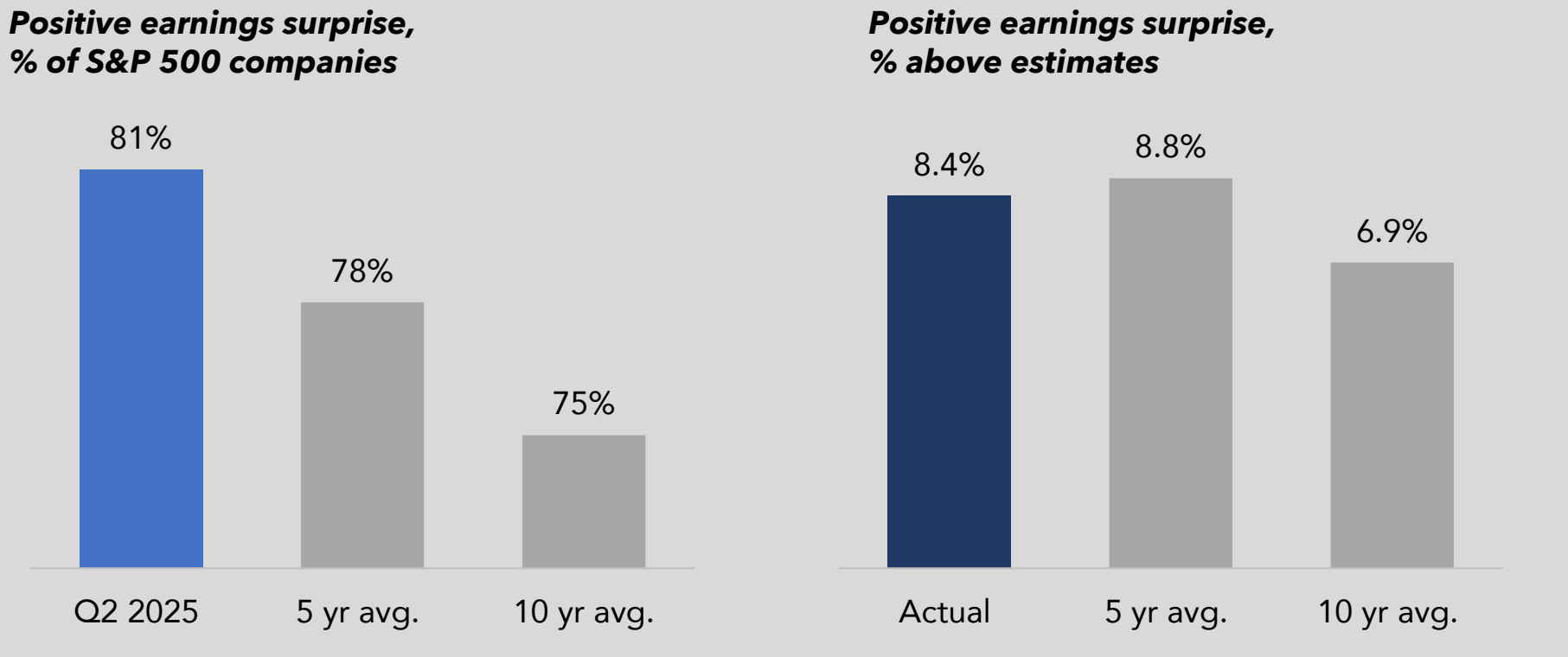
The Evolution of Q2 2025 Earnings Expectations

Since late last year, earnings growth expectations for S&P 500 companies were repeatedly revised lower as trade policy uncertainty tainted the outlook. With many tariffs delayed and corporates adeptly navigating a low visibility landscape, actual Q2 earnings rose nearly 12% y/y, well above 5% expectations at the end of June.



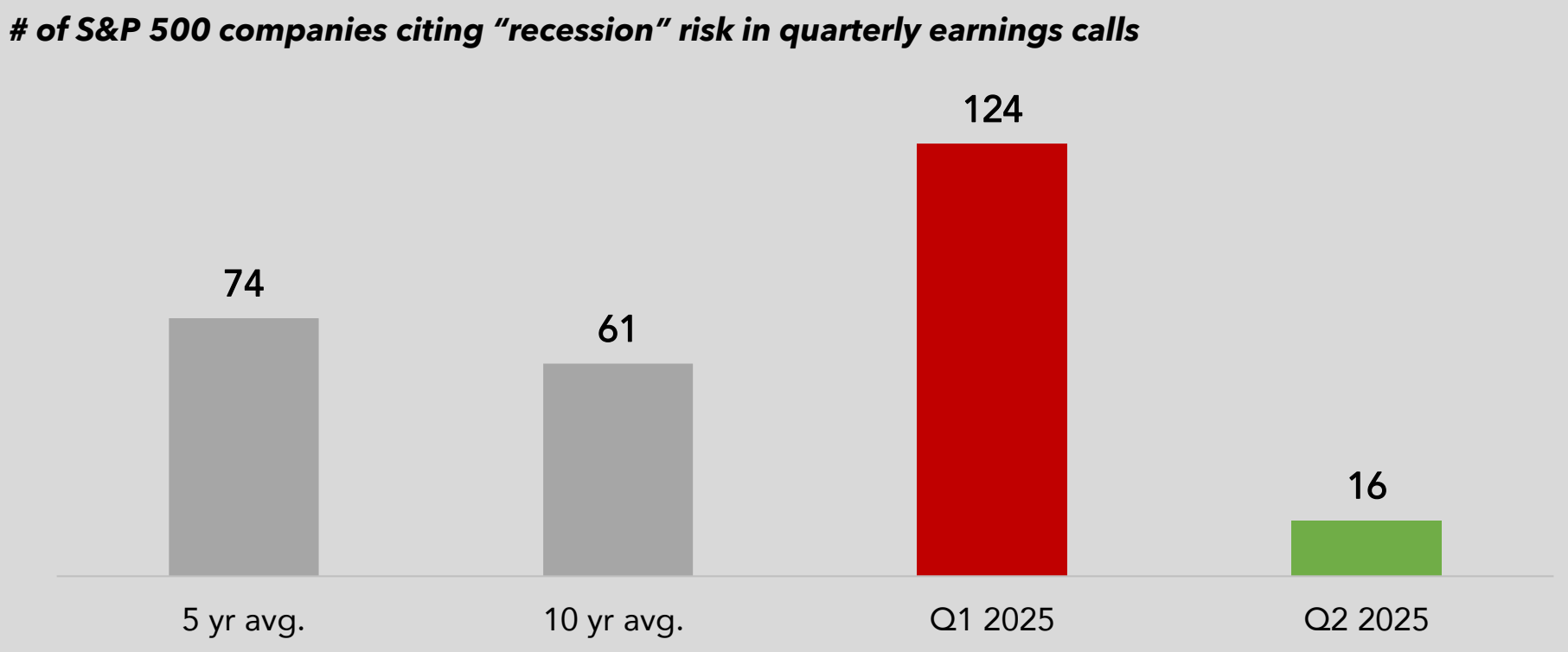
Highest Positive Earnings Surprise in 2 Years

For Q2 2025, 81% of reporting companies reported a positive EPS earnings surprise, the highest such percentage since Q3 2023. An identical 81% of companies also reported a positive revenue surprise above consensus forecasts, the highest percentage since Q2 2021.



Sharp Decline in “Recession” Risk Concerns

Only 16 S&P 500 companies cited “recession” risk concerns in their Q2 2025 quarterly earnings calls, a sharp 87% decline from 124 companies in Q1, and well below 5 and 10 year averages.



Source: (1-5) FactSet, Earnings Insight Report (August 8, 2025). Q2 2025 earnings growth rate based on 90% of S&P 500 companies reporting actual earnings results. Q1 2025 earnings call data is March 14 – June 14. Q2 2025 earnings call data is June 15 – August 7.

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“Macro stability isn’t everything, but without it, you have nothing.”